

## **Tripartite meeting, 14 January 1999.**

A meeting between representatives of Senior Officials, CRR, Steering Group, Australian and New Zealand Environment and Conservation Council (ANZECC) and the NCC occurred on 14 January 1999 (the Tripartite meeting) to consider issues of concern surrounding implementation of the strategic framework and timeframe for implementation, and if necessary develop recommendations for consideration by Senior Officials.

As a result of the meeting a report for the consideration of Senior Officials made recommendations in relation to the following aspects of the strategic framework:

1. *Comprehensive Systems of Water Allocations and Trade, including provision of water allocations for the environment.*

- 1.1 Clause 4(a) is to be interpreted as requiring a "comprehensive system" of establishing water allocations to be in place which recognises both consumptive and environmental needs. The system is to be applicable to both surface and ground water. However, applications to individual water sources will be determined on a priority needs basis (as determined by an agreed jurisdiction-specific implementation program referred to in 1.2).

For the second tranche, the legislative and institutional framework to enable the determination of water entitlements and trading of those entitlements should be in place. The legislative and institutional frameworks would also provide a better balance in water resource use including appropriate allocations to the environment as a legitimate user of water in order to enhance/restore the health of rivers. If legislation has not achieved final parliamentary passage, the NCC should recognise the progress towards achieving legislative change during its assessment of compliance.

1.2 In assessing compliance with Clauses 4(b),(c) and (d) and 5(b):

- For the second tranche, jurisdictions should submit individual implementation programs, outlining a priority list of river systems and groundwater resources, including all river systems which have been overallocated, or are deemed to be stressed and detailed implementation actions and dates for allocations and trading to the NCC for agreement, and to Senior Officials for endorsement. This list is to be publicly available.
- For the third tranche, States and Territories will have to demonstrate substantial progress in implementing their agreed and endorsed implementation programs. Progress must include at least allocation in all river systems which have been over-allocated, or are deemed to be stressed.

- By 2005, allocation and trading must be substantially completed for all river systems and groundwater resources identified in the agreed and endorsed individual implementation programs.

## 2. *Groundwater.*

For Competition Policy compliance assessment purposes:

- 2.1 private withdrawals of groundwater are not subject to the pricing clauses of the 1994 Framework Agreement.
- 2.2 private withdrawals include private providers and small cooperatives who extract water from bores for private use but do not include large cooperative arrangements (including trusts) that act as wholesalers supplying water as a commercial venture and that are subject to control or directions by government or receive substantial government funding.

## 3. *Water Pricing – CSO and Cross-subsidies.*

In relation to general pricing principles applicable to rural water supply

3.1 The NCC will assess jurisdictions as having complied with the pricing requirements where jurisdictions:

- have achieved full cost recovery; or
- have established a price path to achieve full costs recovery beyond 2001 with transitional CSOs made transparent; or
- for schemes where full cost recovery is unlikely to be achieved in the long term, that the CSO required to support the scheme is made transparent; and
- have made cross-subsidies transparent.

3.2 In making its assessment the NCC shall not seek to make its own assessment of the adequacy of the justification of any individual CSOs or cross-subsidies but jurisdictions will provide explanations of the intent of the CSOs and cross-subsidies and the NCC will examine how in totality they do not undermine the overall policy objectives of the strategic framework for the efficient and sustainable reform of the Australian water industry.

## 4. *Institutional Arrangements.*

That Senior Officials note the NCC's view that separate Ministers would be an acceptable form of separation, but not the only acceptable form.

**Status of SCARM taskforce pricing guidelines and Tripartite Meeting recommendations.**

The Prime Minister wrote to all State and Territory Heads of Government in 1998 seeking endorsement of the SCARM taskforce pricing guidelines. The guidelines were endorsed by all Premiers and Chief Ministers. Senior Officials endorsed the report and recommendations of the Tripartite Meeting.